

An Agency of the State of Hawaii

Stadium Authority Meeting 99-500 Salt Lake Boulevard Honolulu, Hawaii 96818 March 27, 2008

Members Present
Kevin Chong Kee, Chairman
Kay Ahina
Marvin Fong
Kathryn Inouye
Alexander Kane, Jr.
Marcia Klompus
Kenneth Marcus
Nelson Oyadomari
Alan Tamayose

Staff

Scott Chan

Andrew Chang

Lois Manin

Shelly Shoji

Deborah Ishihara

Shan Nagata

Stephen Lee

Engel Garcia

Andrew Chang

Others |

John Dellera, Deputy Attorney General
Randall Nishiyama, Deputy Attorney General
Russ Saito, DAGS Comptroller
Kerry Yoneshige, DAGS
Jim Donovan, UH Athletic Director
Carl Clapp, UH Senior Associate Director
Davy Maruyama, Centerplate
Sam Shenkus, Centerplate's Marketing Consultant
Neuman Shim, Swap Meet Vendors Association
(See attached sign-in sheet for additional attendees)

I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:05 a.m.

II. APPROVAL OF MINUTES OF THE FEBRUARY 28, 2008 MEETING.
ON A MOTION BY MEMBER KLOMPUS TO ACCEPT THE MINUTES OF THE
FEBRUARY 28, 2008 MEETING, AND SECONDED BY MEMBER MARCUS, THE
BOARD UNANIMOUSLY APPROVED THE MINUTES.

III. MONTHLY REPORT

A. Chairman's Report

Chairman Kevin Chong Kee introduced and welcomed the new University of Hawaii Athletic Director, Jim Donovan. He also introduced Jim Dunn who will be making a presentation of The Honolulu High Capacity Transit Corridor Project.

Report by Comptroller Russ Saito on the status of two Legislative Bills:

HB2429

Initially, the intent of the Bill was to create a University of Hawaii (UH) Stadium Corporation, transferring jurisdiction of Aloha Stadium to that corporation; it has now changed, assigning the UH to do a feasibility study for a recreational stadium in West Oahu. At a decision-making session by the Ways & Means Committee, scheduled for 3/28/08, Comptroller will be presenting his testimony on behalf of the Department of Accounting and General Services (DAGS), pertaining to Section 2(a) (4) that revenues from Aloha Stadium should be reinvested in the Aloha Stadium facility and site before they are applied to financing of the new recreational stadium. In addition, DAGS opposes any appropriation in Section 3 that would be taken from the Stadium special fund, and opposes any appropriation that would take away from projects in the administration's budget submittal.

HB 2434.

The intent of this Bill is to change the selection procedures for the Stadium Authority (which is presently appointed by the Governor), as follows: three (3) nominees selected by the Senate President (nominees 1, 3, 5); three (3) nominees by the Speaker of the House (nominees 2, 4, 6); and three (3) nominees by the Governor (nominees 7, 8, 9). Comptroller Saito's testimony, will be suggesting that a nominating committee be created with two people selected by the Governor, one by the House Speaker and one by the Senate President and collectively submit a list of three nominees to the Governor, to allow for equal participation for the vacancies.

B. Stadium Manager's Monthly Report

Manager Chan welcomed and congratulated Mr. Donovan. He noted Stadium Management has had an excellent professional partnership with the Sheraton Hawaii Bowl and we are looking forward to working together once again.

Otis Elevator Contract

After meeting with representatives from Otis Elevator Company, who are contracted to service the escalators and elevators, it was found that their contract is not in keeping within the State Procurement Code. The State Procurement Office

has been notified that this contract will go out for bid as scheduled. Discussions are ongoing with Otis on the possibility of their seeking sole source as an option.

Security Report

Member Klompus inquired about the increase in crime that was noted in the Security Report. Mr. Chan stated there has been burglaries (car break-ins) and thefts (merchandise stolen at the Swap Meet), and security has implemented procedures to reduce crime activity.

Stadium Security Officer Andrew Chang stated they have increased the frequency of patrols which resulted in two arrests made at the Swap Meet. That course of action has proven to be very successful.

C. Approval of Events

Sports Car Club of America
 Lower Halawa Parking Lot
 October 5, 2008, November 2 & 16, 2008,
 December 14, 2008 (Sunday)

A MOTION WAS MADE BY MEMBER KLOMPUS AND SECONDED BY MEMBER MARCUS TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

2. Bigatin Production

WoWoWee – Concert & Game Show May 10, 2008 (Saturday)

A MOTION WAS MADE BY MEMBER KLOMPUS AND SECONDED BY MEMBER INOUYE TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

3. Sony Electronics

Green Recycling Initiative Kamehameha Lot or Upper Halawa Parking Lot May 17, 2008 (Saturday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER INOUYE TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

Comptroller Saito requested that the Authority, in the future, and in the interest of proper usage of the Hawaiian Language, that the word Kamehameha Lot be referred to as the Kamehameha Lot.

> 4. Aloha Youth Lacrosse Assn., Inc. Youth Lacrosse Games (Ages 8-18) May 18, 2008 (Sunday)

A MOTION WAS MADE BY MEMBER KLOMPUS AND SECONDED BY MEMBER MARCUS TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

5. PH Corporation

dba: Ron's Performance Center Hot Rod Show/Shine July 4, 2008 (Friday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER FONG TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

D. UHAD Monthly Report

Athletic Director, Jim Donovan thanked everyone and said in his capacity as the Executive Director of the Sheraton Hawaii Bowl (SHB) he has enjoyed working with Stadium Manager Chan, Deputy Manin, (and staff), and appreciated the innovative approach that the stadium has continued to implement. He said he was speaking on behalf of SHB and ESPN that the Stadium has done so much over the years to make it a better experience for the tenants and for the customers attending the events. He is looking forward to working together and moving forward with the University of Hawaii (UH). He stated he is very aware of the support given to the UH, with the waiver of rental, and some of the other things that are being looked at and has already had some good pre-meetings with management.

Mr. Donovan announced Spring Practice/Festival will be occurring on April 26, 2008.

E. Centerplate/Swap Meet Monthly Report (report distributed)

Due to the declining attendance at the Aloha Stadium Swap Meet (ASSM) from 800 to 200 vendors in Row C, and in an effort to encourage vendors to return to the ASSM, Manager, Davy Murayama, presented a proposal for Board approval:

- 1. Lower the stall rental fee for the Row C vendors from \$27-\$30 to \$15.00, effective July, 2008 through September, 2008;
- 2. Provide the vendors with 400 free coupons each (approx. 100 coupons per day) to hand out to customers.

Mr. Murayama noted it is apparent that many of the vendors relocated to the Kamehameha Swap Meet (KSM), due to increased admission fees at ASSM, and a larger volume of local customers are gravitating towards the KSM.

Member Klompus stated she is in support of this temporary promotion, but would like the Board to revisit it in six months to find out its effectiveness.

Manager Chan agreed with Member Klompus' suggestion and stated, in an effort to improve the present conditions, he has assigned the responsibility to Deputy Manin who has spent many hours (24/7) in meetings with the Swap Meet Management and Vendors' Association to address short-term goals as proposed by Centerplate. Our long-term goal is to secure a consultant to reevaluate the way in which business is being conducted at the Swap Meet.

Deputy Manin explained management has taken this approach because:

- 1. The vendors are complaining about the lack of local customers;
- 2. There is a rumor that the KSM rental fees will be increasing.

The data collected showed the migration of vendors to the KSM began when the rent was increased in 2004; lower rental rates at KSM; and the fifty-cent admission charge. Many customers followed the vendors, which over a three-year period, resulted in a major decline in attendance. Ms. Manin also noted there are major problems with the Row-D which they hope the consultant can resolve.

Member Inouve stated:

- 1. She is opposed to Centerplate's proposal and does not feel a small reduction in stall rental will convince the vendors to return to ASSM.
- 2. The move by vendors could also be due to the fact that the KSM does not have rules/ regulations like the ASSM.
- 3. We need to focus on what is not appealing to the vendors.
- 4. A side-by-side comparison should have been conducted between both swap meets.

Mr. Murayama stated the rule/regulations pertain only to the Row-D vendors; Rows A-B-C have no rules, similar to the KSM.

Neuman Shim (Vendors Assn.)

Mr. Shim strongly feels the solution is to increase customer count. He supports the rental reduction but feels the increase in customers should occur first by way of perhaps Kamaaina rates.

The general consensus by the Board is they are not in favor of the short-term proposal, and would prefer to wait for a consultant to address all outstanding issues.

Member Klompus requested Manager Chan's opinion on the matter. Manager Chan stated he does not have all the answers, but said there are two options: 1) Move forward with the available data and approve Swap Meet's proposal which he felt caused the least harm to all involved; or 2) If the Board is not in agreement, he would then recommend that they wait for the consultant.

Edmund Gouveia

Mr. Gouveia (Vendor's Association) stated he conducted a survey in April, 2007 and obtained 486 signatures by vendors who were contemplating a move to the KSM, due to the increase in admission fees at ASSM, and were also experiencing less customers. Some Vendors in Row-D relocated to the KSM because of the new category rules that were imposed.

Member Klompus requested a report of the long-term plan. Mr. Murayama stated they have a highly qualified candidate for the consultant's position and are hopeful he will accept the position and begin by the end of the month. He anticipates a response in a week.

Member Inouye requested that Mr. Murayama provide a copy of the consultant's scope of work to the candidate and the Board.

Deputy Attorney General Dellera advised the board that the subject being discussed is not on the agenda, and that before any action is taken, six members must agree to add it to the agenda. He said as long as the action reduces rents charged to vendors, and does not adversely affect any vendors, there is no reason why it cannot be taken at this meeting.

A MOTION WAS MADE BY MEMBER INOUYE AND SECONDED BY MEMBER KLOMPUS TO ADD TO THE AGENDA THAT THE BOARD WILL ACT ON A PROPOSAL BY CENTERPLATE TO REDUCE THE STALL RENTAL FEE AT THE ALOHA STADIUM SWAP MEET. THE MOTION CARRIED UNANIMOUSLY.

A MOTION WAS MADE BY MEMBER INOUYE AND SECONDED BY MEMBER KLOMPUS TO ACCEPT THE PROPOSAL BY CENTERPLATE TO REDUCE THE STALL RENTAL FEE FOR ROW-C TO \$15.00 PER STALL

WITH THE FOLLOWING AMENDMENT: THAT THE DECREASE IN ROW-C RENT BE EFFECTIVE MAY 1, 2008 THROUGH SEPTEMBER 30, 2008, WITH A REPORT DUE AT THE SEPTEMBER BOARD MEETING FROM THE INDEPENDENT CONSULTANT AS WELL AS THE RESULTS OF THE RENT REDUCTION (A TOTAL OF TWO REPORTS). A CONSOLIDATION OF BOTH REPORTS BY THE CONSULTANT WILL ALSO BE ACCEPTABLE.

Discussion

Member Tamayose inquired if this action would result in an automatic increase effective October 1, 2008; or will the Board revisit the situation at that point.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER KLOMPUS TO AMEND THE MOTION TO EXTEND THE RENT REDUCTION THROUGH OCTOBER 31, 2008. THE AMENDMENT WAS UNANIMOUSLY AGREED TO.

Discussion

Manager Chan expressed the importance of correctly communicating the changes to the people we are dealing with and making sure they are aware of the dates and exactly what is taking place at the end of October.

ON A VOTE OF 6-1 THE MOTION AS AMENDED CARRIED. MEMBER AHINA OPPOSED THE MOTION, AND MEMBERS KANE AND FONG ABSTAINED.

Members of the Board and Manager Chan agreed that vendors must be informed that this is an ongoing program with the intent to increase attendance, but is subject to future changes.

IV. UNFINISHED BUSINESS – DISCUSSION AND APPROPRIATE ACTION

A. Aloha Stadium Advertising Contract – Discussion and action on the new IFB"for the Aloha Stadium Advertising Contract.

Deputy Attorney General Dellera said there are two outstanding issues that the Board needs to address which pertain to the liability and rights of the Authority which should be discussed in Executive Session.

A MOTION WAS MADE BY MEMBER INOUYE AND SECONDED BY MEMBER OYADOMARI TO GO INTO EXECUTIVE SESSION AT 12:30 P.M. MEMBERS KLOMPUS AND MARCUS OPPOSED THE MOTION. ON A VOTE OF 7-2 THE MOTION CARRIED.

The meeting reconvened to regular session at 1:25 P.M.

Mr. Dellera advised the Board:

- 1. Members of the previous subcommittee may be appointed as the Investigative Committee and report to the Board with respect to their evaluation of bids.
- 2. A special public meeting (with a quorum of at least five Board Members) must be scheduled, to allow the Investigative Committee to make their recommendation to the Board.
- 3. Action on the recommendation by the Board must be taken at a subsequent meeting, which requires a minimum of six calendar days to file the agenda. The purpose of this provision is to give the public fair notice of the recommendation and allow them to attend the meeting and provide their comment.

Chairman Chong Kee appointed Members Klompus, Inouye and Marcus to be on the Investigative Committee and he will be the Procurement Officer. In addition, Manager Chan, Deputy Attorney General Dellera, Administrative Services Officer Deborah Ishihara, State Procurement Office and Scoreboard Supervisor Dave Golz will assist the Investigative Committee.

Chairman Chong Kee presented the schedule for the IFB as follows:

| April 11, 2008 | - Invitation For Bid is published |
|------------------|--|
| June 10, 2008 | - Bids are due/Opened |
| June 10-19, 2008 | - Bids are evaluated |
| June 19, 2008 | - Special Meeting (to hear report |
| | and recommendation by Committee) |
| June 26, 2008 | - Board Meeting - regular public meeting |
| | and Issuance of Notice of Award |

B. Stadium Manager and Deputy Stadium Manager - Goals and Objectives

Chairman asked the Board to review the Goals and Objectives of the Stadium Manager and Deputy Manager, which will be discussed at the next meeting.

C. Stadium Repair Work - Update on the progress of the Stadium repair project.

Comptroller Saito reported that on the \$25.6 million that was submitted to the Legislature for approval, the House of Representatives cut it to \$20.0 million; he is now waiting for a decision by the Senate

D. Aloha Stadium Swap Meet – Report from the sub-committee on the new "RFP" for the management contract for the Aloha Stadium Swap Meet.

Member Tamayose said the committee will wait for the hiring of a consultant before reporting further on the RFP.

V. NEW BUSINESS – DISCUSSION AND APPROPRIATE ACTION

A. <u>E.K. Fernandez – Presentation by Scott Fernandez and Donna Smith for</u> consideration to a long-term contract at Aloha Stadium

Mr. Scott Fernandez stated he is asking the Stadium Authority to consider a long-term contract and the exclusive right to use the Lower Halawa Parking Lot (LHPL) for carnivals and fairs. He said if approval is granted, EKF would make significant improvements to the LHPL, such as, providing: a comfort station with restrooms; a mobile amphitheater equipped with bleachers, etc., all of which would be available to other licensees of the Stadium. He indicated they would need to take out a loan to do the improvements and to qualify their lender is requested that they obtain a long-term contract. Mr. Fernandez clarified the exclusivity pertains mainly to carnival rides and heavy equipment similar to the 50th State Fair and would not restrict the Stadium from its usual activities that may include bouncers, children's rides, small carnivals, etc.). He also stated EKF has spent approximately \$500,000 in improvements thus far and Aloha Stadium is the only location in Hawaii that can accommodate their fairs and carnivals. If they do not invest in it, Hawaii will no longer have a State Fair.

Manager Chan said the business relationship between management and EKF has been great over the years and he would like it to continue. He suggested if an exclusivity in the contract is not possible, perhaps the terms of the contract could clarify certain issues and still allow EKF to have a long-term contract and move forward from there.

Mr. Dellera asked whether the exclusive right to stage carnivals and fairs was necessary or whether a long-term license agreement with indemnity provisions to protect improvements may be acceptable to EKF's lenders; it might also be possible to get some benefit from others utilizing their equipment, etc. Mr. Fernandez said he will seek the advice of his lender for possible options.

Mr. Dellera questioned whether carnivals and fairs could be operated as a concession but said he will review HRS Chapter 102 to see if the exemption from bidding could be applied to this arrangement.

Manager Chan suggested that Mr. Fernandez provide in writing, specific information of their plans for the LHPL, with itemized project costs for the tenyear period.

The Board expressed their interest in helping to make this arrangement work, resulting in a successful business relationship with EKF.

B. Honolulu High Capacity Transit Corridor Project (HHCTC) – Presentation by City and County of Honolulu consultants on the alignment of the rail transit through the Aloha Stadium Parking Lot onto Salt Lake Blvd.

Chairman Chong Kee introduced Jim Dunn of Parsons Brinckerhoff and Gary Takahashi of R.M. Towill & Company to make the presentation.

Mr. Dunn stated that the HHCTC project is a fixed guide way system from Kapolei through Downtown, to the University of Hawaii Manoa Campus with a branch line into Waikiki. He said it is a 34-mile system, including 30 stations which they are studying in an Environmental Impact Statement (EIS), and are under contract with the City to perform. They plan to have a draft of the EIS to the general public by Fall, 2008. They are working with the major impacted property owners throughout the corridor. He stated their primary role is to identify impact of the proposed guide way along the corridor and how to best fit the corridor and potential stations within those areas. They have been working with Aloha Stadium and looking at ways to bring the alignment to the Aloha Stadium and making the best fit for the project and Aloha Stadium.

In their studies, they will be looking at a Salt Lake and an Airport alignment. Within the key areas of the Stadium they will have a station located on Kamehameha Highway near the Pearlridge Center, a station at the stadium and another station down Salt Lake Blvd.

They plan to have a park-and-ride lot, associated with the stadium and are looking at the Kamehameha Lot as a potential site, serving approximately 700 vehicles. Mr. Dunn said they will be addressing the concerns of stadium

management with reference to security issues and the loss of parking spaces for the station that will be located within the stadium. They do not have all the answers yet, but they will be developing means in which to explain to staff in the future. Mr. Dunn presented a map and explained the entire route of the guide way system to the Board and later entertained some of their questions.

C. <u>Aloha Stadium Field Turf- Report from the Stadium Manager on the warranty</u> of the current field turf at Aloha Stadium

Manager Chan reported:

- 1. There are three years remaining on the eight-year warranty. He does not think the field turf company will replace the turf.
- 2. There are questions as to the proper equipment provided (or not provided) for the grooming and upkeep of the field, which were raised by the soccer licensee.
- 3. Working with the private sector and major clients is also an option (Pro Bowl, Hawaii Tourism Authority, Soccer, UH and Stadium) to set up some kind of arrangement to rotate the playing surface (field turf) every 3-4 years.
- 4. The wear and tear is at a point where it needs to be addressed.
- 5. We understand according to the original contract, the field turf company was to furnish the proper equipment to maintain the field, but we are not sure if all the (necessary) equipment has been properly provided.

Mr. Dellera noted he would like to review the contract.

VI. NEXT MEETING

April 24, 2008

VII. ADJOURNMENT

2:15 P.M.

KEVIN CHONG KEE

Chairman

Recorded by:

Diana Ho

Approval Date:

April 24, 2008